
STATE SCHOOL AID UPDATE

Michigan Department of Education

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EXECUTIVE BUDGET RECOMMENDATION FOR 2005-2006

On February 10, Governor Granholm presented her executive budget recommendations for 2005-2006 (FY 2006). Following is a brief list of some of the provisions of the K-12 budget proposal.

- C The **minimum** foundation allowance in FY 2006 would be \$6,875.00, an increase of \$175. In addition, under a proposed new Section 22e, high school pupils would generate an additional \$50 each.
- C The **membership definition** in Section 6(4) would remain at 75% of the current year September count plus 25% of the prior year February count. The three-year average blending language for certain eligible districts is retained in Section 6(4)(y).
- C **At-risk pupil funding** (Section 31a) would increase by \$33 million to \$347.2 million. As in FY 2005, a portion of at-risk funding would continue to be earmarked for **school-based health clinics**.
- C **Michigan School Readiness funding** (Section 32d) would continue at \$72.8 million.
- C Other programs that would continue for FY 2006 at their FY 2005 funding levels include:
 - Court Placed Pupils (Section 24) \$8 million;
 - Interagency Early Childhood (Section 32c) \$250,000;
 - Great Parents - Great Start (Section 32j) \$3.3 million;
 - Bilingual Education (Section 41 and 41a) \$2.8 million state and \$1.2 million federal;
 - Vocational Education (Section 61a) \$30 million;
 - Bus Driver Safety (Section 74) \$1.6 million;
 - Adult Education (Section 107) \$20 million.
- C Other categoricals that would be increased for FY 2006 include:
 - Renaissance Zone Reimbursements (Section 26a) increased by \$8.8 million to \$45 million;
 - School Bond Loan Fund Payments (Section 11j) increased by \$3.4 million to \$44.5 million;
 - ISD General Operations (Section 81) increased by \$2.2 million to \$79.9 million.
- C In addition to Section 22e mentioned above, a new categorical proposed for FY 2006 is Section 26b, Payments In Lieu of Taxes (\$2.4 million).
- C Both the state funding of \$3.7 million and the federal funding of \$17.3 million for the Section 98b Wireless Technology (Freedom to Learn) program would be eliminated for FY 2006 under the executive recommendation.

Other items of interest in the proposed executive recommendation include the following:

- C The **Retirement Rate** (Section 147) is estimated to be 16.34% for FY 2006.
- C A proposed new Section 103 (**Michigan Scholar Curriculum**) indicates that, beginning in 2006-2007, districts and public school academies would receive additional per pupil funding for pupils that successfully graduate from high school, and also if the high schools make available to all pupils the Michigan Scholar Curriculum.
- C Section 81 (Intermediate School District General Operations) includes funding for a \$200,000 **Strategic Planning Grant** that would be awarded to a consortium of intermediate school districts to conduct a study and make recommendations on best practices to more efficiently perform local district administrative functions.

The summary provided above should not be considered a complete description of the content of the Executive Proposal. Also, please be advised that changes are likely as the budget makes its way through the legislative process. Additional information and details on the Executive Budget Proposal can be found at www.Michigan.gov/budget.

FINANCIAL INFORMATION DATABASE (FID) CORRECTIONS

The Office of State Aid and School Finance would like to thank districts for taking the time to update their 2003-2004 FID files as requested in correspondence dated and distributed between January 14 and January 18, 2005.

We are extremely grateful for the overwhelming and timely response to these requests. In addition to the Department, there are many users of the FID data such as the House and Senate Fiscal agencies, the Department of Management and Budget, the federal government, educational associations, and the public. Your work on these data corrections facilitates the release of these data to the various users in a timely manner. (Glenda Rader, Office of State Aid and School Finance, (517) 335-0524 or RaderG@Michigan.gov)

NEW SEX EDUCATION LAWS

On June 24, 2004, Governor Granholm signed legislation (2004 PA 165 and 166), effective immediately, pertaining to HIV/STD and sex education programs in Michigan public schools. PA 165 requires that local sex education advisory boards include half of its members as parents, that sex education programs emphasize abstinence, and that they address eleven specific issues detailed in the act. PA 166 establishes a three-tiered complaint process for parents who believe that the district is not in compliance with Section 166a of the State School Aid Act or Sections 1169, 1506, or 1507 of the Revised School Code. The complaint process starts at the local school district level and can be appealed to the intermediate school district and finally to the Michigan Department of Education. If the process does not result in compliance, **schools can lose up to 1% of their state school aid.**

For more information on HIV/STD and Sex Education in Michigan Schools, go to the Michigan Department of Education web site, www.Michigan.gov/mde and click on "K-12 Curriculum," click "Health Education," and click "HIV/STD and Sexuality Education." Questions can be directed to Laurie Bechhofer, Coordinated School Health and Safety Programs, (517) 335-7252 or e-mail BechhoferL@Michigan.gov.

SPECIAL EDUCATION COSTS TO BE UPDATED IN MARCH

Special education and special education transportation costs will be updated to reflect fiscal year 2004 cost figures in the State Aid Management System (SAMS) for most districts in the March payment. The cost figures now being used are the fiscal year 2003 costs. In addition to affecting the current year Section 51c - Special Education Headlee allowance amount, this update may cause adjustments to the current year Section 22b - Discretionary Payment as well as causing prior year adjustments for fiscal year 2004 Section 51c Special Education Headlee and possibly fiscal year 2004 Section 22b Discretionary Payment. For most districts, the fiscal year 2004 costs will be higher than the fiscal year 2003 costs currently in the system. Updating to the fiscal year 2004 costs for those districts will result in a higher current year allowance under the Section 51c allowance and potentially less under the Section 22b Discretionary Payment allowance. Look for these changes in current year allowance amounts and adjustments to prior year state school aid to appear on the March status reports. (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, EasterlingD@Michigan.gov)

UPDATED CATEGORICALS IN FEBRUARY PAYMENT

The following categoricals were updated in the February payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- C Michigan School Readiness Grants - Section 32d (Connie Robinson, School Excellence, (517) 241-4291, RobinsonConnie@Michigan.gov)
- C Bus Driver Safety Instruction Funds - Section 74 (Dwight Sinila, Grants Coordination and School Support Services, (517) 373-1806, SinilaD@Michigan.gov)
- C Vocational Education Administration - Section 61a(2) (Joanne Mahony, Department of Labor and Economic Growth, (517) 335-0405, or MahonyJ@Michigan.gov)

GENERAL INFORMATION

- C **March 9** is the deadline for **ISDs** to submit to the Center for Educational Performance and Information (CEPI) the **Audited FTE Counts** for the **September 22, 2004** pupil membership count day. (Joellen Wonsey, (517) 373-3352, WonseyJ@Michigan.gov)
- C **February 9** was the FY 2005 Supplemental count date. The Single Record Student Database records for the Supplemental count date are due to the intermediate school district (ISD) on March 16, 2005. The ISD is to submit the records to the Center for Educational Performance and Information by March 30, 2005. The Supplemental count ISD audited FTE values are due to CEPI by July 27, 2005.
- C The proration factor for Section 31a - At Risk funding is \$127.1210591617 per pupil.

*Do you have questions about the information appearing in this [UPDATE](#)? Call the consultants identified above or **Dan Hanrahan**,
Director, State Aid & School Finance, MDE, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@Michigan.gov.